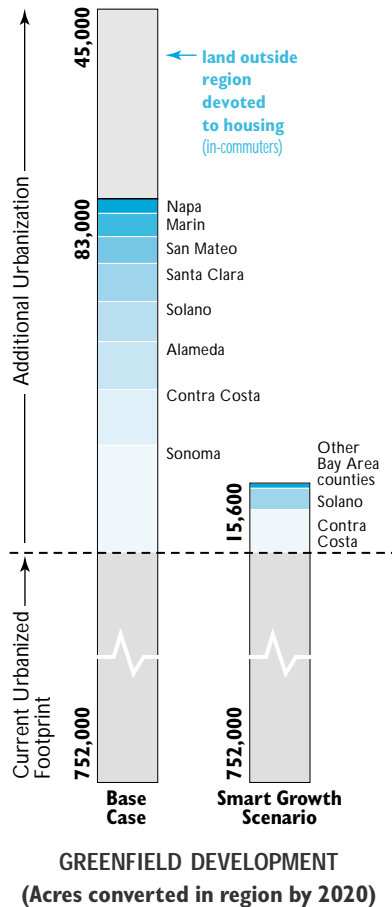


THE VISION UP CLOSE:
AN ANALYSIS OF ONE
SMART GROWTH SCENARIO



TECHNICAL APPENDICES

For more detailed information behind the analysis summarized in this report, please see the online technical appendices at:

www.abag.ca.gov/planning/smartgrowth/TechAppendix.html

ANALYSIS OF ONE SMART GROWTH SCENARIO

This chapter summarizes the quantitative analysis of the specific smart growth land-use scenario developed by participants in county workshops in 2001 and 2002. The analysis provides an objective comparison of this smart growth scenario to the “current trends base case,” i.e., the pattern of land use that is likely to occur if we do nothing to chart a new course.

Although this chapter analyzes the specific land-use scenario developed by workshop participants, there are innumerable ways to accomplish smart growth in the Bay Area. The analysis explores one possible model of a smart growth future for the Bay Area.

ENVIRONMENT

Greenfield Development

If the Bay Area continues to grow as it has in the recent past, 83,000 acres of “greenfields” (i.e., currently undeveloped land) could be converted to urban use by 2020. Amounting to an 11 percent increase in the urbanized Bay Area, this acreage is more than twice the area of San Francisco and will erode farmland, greenbelts, community separators and other open spaces.

Moreover, the current trends base case would not provide nearly enough housing within the nine Bay Area counties for the number of workers expected by 2020. Therefore, the housing that would need to be built outside the Bay Area to accommodate in-commuters might require as many as 45,000 additional acres, assuming today’s average densities in surrounding counties.

By contrast, the smart growth land-use scenario would increase the urbanized footprint of the Bay Area by less than 16,000 acres, or 2 percent. It provides significantly more housing for new residents, but at the same time, saves highly prized open space and agricultural land — both within the Bay Area and in outlying areas such as the fertile Central Valley — by calling for compact, mixed-use communities that are close to transit lines and employment centers.

Air Quality

Loss of greenfields is not the only way that future development will impact the environment, both within the region’s borders and beyond. Although a much cleaner vehicle fleet is improving air quality regardless of development patterns, air quality will suffer or improve, depending on how the Bay Area grows. All things being equal, the more that residents, workers and others depend on single-occupant vehicles, the more difficult it will be to improve our air quality. Bay Area households make approximately ten trips a day, on average, and 82 percent of these are by car. Dense, walkable neighborhoods invite residents to shop and do errands on foot, potentially reducing travel by car. When these communities are centered around public transit services that can transport residents to more distant jobs and other destinations, the air quality benefits are multiplied.

Under current growth trends, a continued Bay Area housing shortfall will require up to 265,000 workers (and their families) to live in outlying areas and commute to jobs within the region. These people will commute long distances, primarily in single-occupant vehicles.

The smart growth scenario, on the other hand, provides enough transit-accessible housing within the region to accommodate Bay Area workers who otherwise would have to live in distant towns and commute from afar. Providing more housing in the region — built in transit-rich, walkable neighborhoods — is expected to result in about the same air quality within the Bay Area as the base case, even while accommodating these additional households.

Water

Water is a precious and finite resource in the Bay Area. We import much of it from the northern reaches of California and the Sierra, and past drought years have required significant conservation to ensure an adequate water supply for all our needs.

CASE STUDY

Under the current trends base case, Santa Clara County will add 17 percent more housing units and 21 percent more jobs over 2000 levels. The Santa Clara Valley Water District* estimates that this will result in a 14 percent increase in water consumption, or 46 million additional gallons.

By contrast, the smart growth scenario developed by Santa Clara County workshop participants shows 30 percent more housing and 20 percent more jobs than 2000 levels. Despite much more household growth than the base case, the Water District estimates a 4 percent, or 15 million gallons per day, additional increase in water use.

Slightly fewer new jobs are, in part, responsible for this modest increase in Santa Clara County water demand. More credit, however, goes to the compact development pattern and greater reliance on multi-family housing in the smart growth scenario. Typically, less landscaping per housing unit surrounds these development types than is commonplace with the single-family development prevalent in the current trends base case.

A complete answer to the water supply question is more complex than this “back-of-the-envelope” analysis suggests, since the impact on water supply infrastructure is currently unknown. For instance, some retail water agencies may have to provide additional water to specific locations and their existing facilities may or may not be adequate to meet the needs in certain portions of their service areas.

*The county's wholesale water supply agency

Water utilities and engineers are constantly searching for new sources for the region, and continually monitoring and conserving our water supply is a way of life in the Bay Area.

Smart growth can't change the fact that each new job or household requires water to serve it. In fact, with the interconnected nature of the state's water system, new development just about anywhere in California affects the same overall water supply.

But smart growth can help communities minimize water use. In the Bay Area, new development in cooler areas near the Bay requires less water than new development in hotter inland areas. The combination of compact development and more townhouses, condominiums and apartments also reduces water demand by calling for less landscaping.

Currently, each residential unit in the Bay Area uses an average of 300 gallons of water per day. Under the base case, this rate is likely to continue for new development; it might even increase since new development is projected to be primarily in hotter inland areas and to be composed of single-family homes. The smart growth scenario developed by workshop participants emphasizes development in cooler, Bay-side parts of the region, and in multi-family units. This combination of changes is expected to result in a 17 percent reduction in water consumption — down to an average 250 gallons a day — in new housing units.

Future Research

The case study at left begins a discussion about the relationship between smart growth and water demand. Future work is needed to estimate the change in demand as a result of smarter growth patterns and future pipeline and storage requirements throughout the region. Work also is needed to identify the specific regulatory changes and incentives needed — such as funding for infrastructure to allow widespread use of recycled water for nonpotable use — to promote water conservation and increase supplies.

SMART GROWTH PROJECTIONS

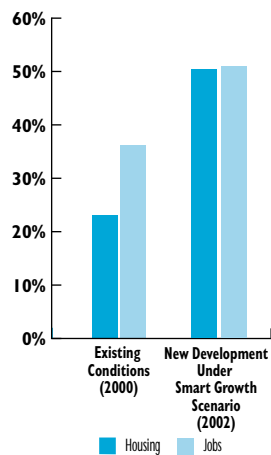
The land-use scenario developed by workshop participants shows specific numbers of new housing units and jobs — as well as the types and locations of new development and areas to be protected as open space and agricultural land. The same information also is being used by ABAG as the *starting point* for a new set of regionwide, policy-based growth projections.

The specifics of the smart growth scenario analyzed in this chapter may change in the future as ABAG seeks public comment and input from local governments in the process of developing these policy-based projections. (Please see project website for review opportunities: www.abag.ca.gov/planning/smartgrowth.) It also is important to recognize that a series of incentives and regulatory changes, such as those discussed beginning on page 13, are critical variables in estimating an alternative future.

MTC estimates that the land-use pattern in the SMART GROWTH SCENARIO would encourage more residents to walk, BICYCLE or take TRANSIT to work than the base case.

PROXIMITY OF NEW HOUSING AND JOBS TO EXISTING TRANSIT

Percent of new development near rail or frequent bus service



TRANSPORTATION

Most of the Bay Area, like many U.S. metropolitan regions, grew after World War II with spread-out communities of housing, stores and offices segregated from each other; developers and officials assumed that people would drive from place to place. Today, only about a quarter of the region's residences and a third of its jobs are within convenient walking distance of a rail station or bus stop with frequent service. Since little new development is expected in already-developed areas, if current trends continue, these figures are likely to shrink.

In contrast, under the smart growth scenario, fully half of all new development would be near frequent public transit service. This dramatic improvement reflects a common theme of the smart growth scenario: New development in compact, mixed-use communities near high-quality public transportation.

A comprehensive analysis of the three smart growth alternatives arising out of the first round of workshops, conducted by the Metropolitan Transportation Commission (MTC), projected that all three alternatives would result in more people riding transit, walking and bicycling to their destinations than would the base case growth scenario. (See Alternatives Report, pp. 10-11). Based on this earlier analysis, MTC estimates that the land-use pattern in the final smart growth scenario developed by workshop participants also would encourage more residents to walk, bicycle or take transit to work than the base case.

How can the smart growth scenario — which houses many more workers within the region than the base case — allow people to travel less by car? By locating more jobs and housing where many short trips can be made on foot and longer ones by transit. If current trends continue, there will be no change from today in the percentage of trips using public transportation. Under the smart growth scenario, MTC estimates the number of public transit riders to increase by one third over current levels.

Congestion

MTC further estimates that the total number of vehicle miles traveled in the smart growth scenario — both for work trips and total trips — would be only slightly higher than in the base case despite the fact that it provides housing for a quarter million more residents than the base case. Furthermore, average commute speeds are expected to be about the same as in the base case, indicating that peak hour traffic would not be any worse. However, localized traffic congestion could worsen in areas with intensive new infill development.

Auto Ownership

With many more people riding transit, bicycling and walking, does this mean that households in this smart growth future will own fewer cars? Typically, there is a strong correlation between household income and auto ownership and the amount of travel by automobile. Since the smart growth scenario calls for a tremendous amount of new housing affordable to very low- and low-income families, it follows that more Bay Area residents would be riding public transit as a result of income alone. (Note: There are some important Bay Area exceptions to this rule of thumb. In some of today's densest and most upscale neighborhoods, many households rely on public transit, despite being able to afford owning and operating a car.)

In order to isolate the effect of smart growth on public transit ridership, MTC's analysis assumes a distribution of household income regionwide similar to that expected in the current trends base case.

Using this assumption, MTC finds a significant increase in the proportion of households with zero automobiles, in contrast to the base case in which the number and share of households with no automobiles is expected to decrease over the next two decades. This, again, reflects the large numbers of new housing units and jobs in central areas, well served by public transit, that are included in the smart growth scenario.

HOUSING

Affordable Housing

Housing in the Bay Area currently ranks as the most expensive in the nation, and despite an economic downturn, housing prices continue to climb! While existing homeowners may welcome the escalating value of their homes, the ever-increasing cost of housing has a negative effect on the region's economy and is skewing its demographics. Companies that cannot attract employees to relocate to the Bay Area consider moving to other parts of the state or nation where housing is less expensive. Young people who are priced out of the housing market here decide to move to areas where they can buy homes and raise their families. Teachers, police officers, firefighters, librarians, medical workers and many other professionals essential to the welfare of each and every Bay Area community find that their incomes do not go far enough toward buying or renting a place to live in the Bay Area. The situation is even bleaker for very low- and low-income families and people without stable incomes.

The Bay Area has not been building enough housing in general, and particularly not enough affordable housing. The under-supply of housing has driven prices up for everyone. Middle-income households outbid lower income households for

modest units, and wealthier households outbid everyone else for housing originally built for middle-income residents.

From 1988 to 1998, the Bay Area produced 251,000 housing units — enough for 375,000 workers — while the number of jobs increased by nearly 500,000, forcing thousands of workers and their families to seek housing outside the region. Of these units, only about 100,000 were affordable for very low-, low- and moderate-income families, while almost twice that many units were needed for these segments of the population.

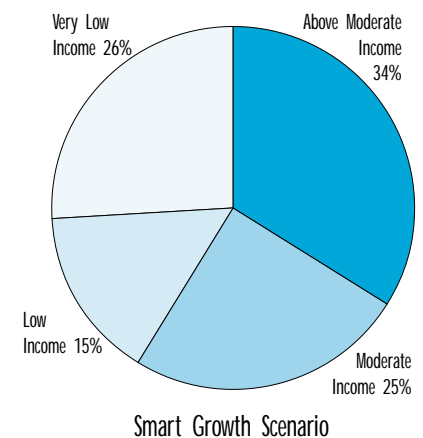
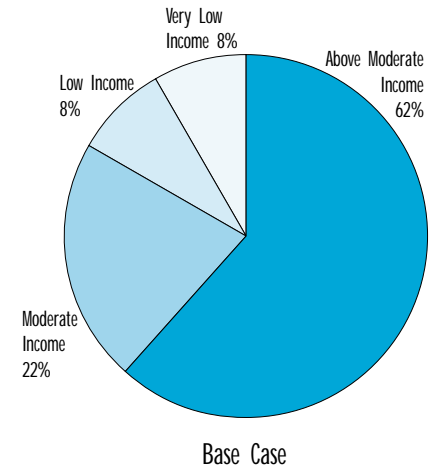
An increase in the total supply of housing, including apartments, condominiums, and rental and owner-occupied houses, is critical for the economic stability and overall well-being of the region. Involvement of both for-profit and nonprofit homebuilders in the smart growth process is vital to determining how to increase the production and affordability of housing. Without government assistance and subsidies, however, housing affordable to low- and very low-income households likely will remain unobtainable.

The smart growth scenario developed by workshop participants calls for construction over the next 20 years of 340,000 more housing units than the base case. This alternative growth scenario also greatly increases the proportion of new housing affordable to very low- and low-income households — 41 percent — far outpacing current trends in affordable housing production. In recent years, the Bay Area averaged only 23,000 new housing units per year, with 16 percent of them affordable to lower income families.

To meet the housing goals of smart growth workshop participants, new incentives and regulatory changes will be needed to counteract existing forces that discourage local governments and developers from supporting or building residential, mixed-use and compact development. In addition, special incentives will be needed to provide the levels of very low- and low-income housing envisioned by participants.

¹ "Cost of Land Drives Home Prices," *San Jose Mercury News*, August 4, 2002.

AFFORDABILITY OF NEW HOUSING UNITS



WAGES FOR REPRESENTATIVE OCCUPATIONS IN THE BAY AREA	
3-PERSON MEDIAN HOUSEHOLD INCOME (1 WAGE EARNER)	\$64,000
Very Low Income: (less than 50% of median)	
Child Care Worker	\$20,000
Retail Salesperson	\$23,500
Truck Delivery Driver	\$27,600
Medical Assistant	\$27,900
Low Income: (50% – 80% of median)	
Emergency Dispatcher	\$41,800
Elementary School Teacher	\$48,000
Fire Fighter	\$50,300
Loan Officer	\$50,800
Moderate Income: (80% – 100% of median)	
Computer Support Specialist	\$55,200
Landscape Architect	\$56,100
Police Patrol Officer	\$63,600
Registered Nurse	\$63,800

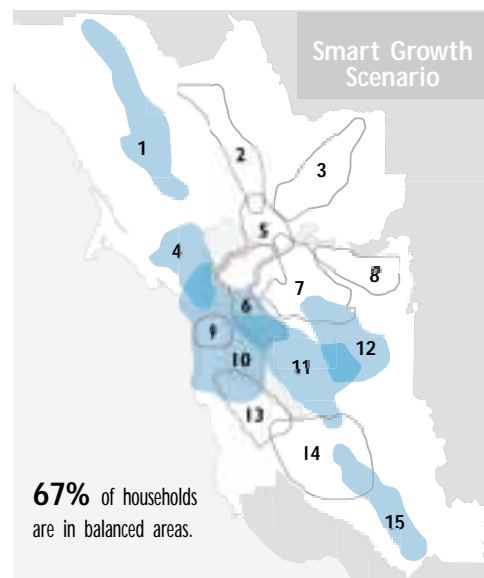
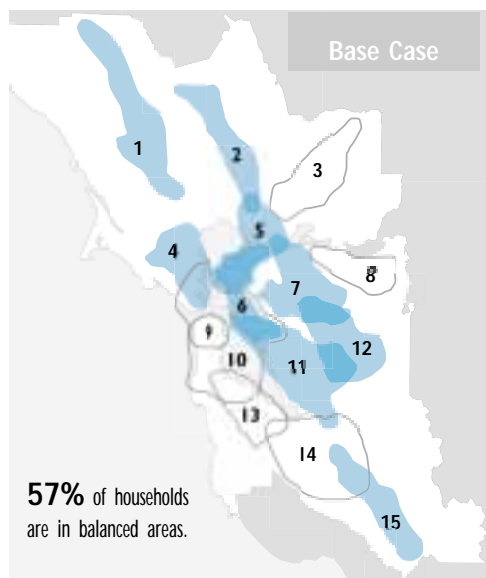
Salaries are calculated as the simple mean of the annual wages for the five Bay Area PMSAs
Source: HUD 2001 Income Limits; CA EDD 1998 OES (Escalated to 2001); BAE

JOBS/HOUSING ANALYSIS AREAS

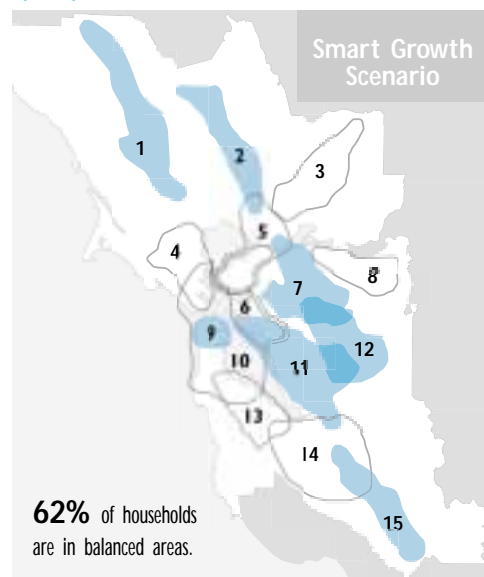
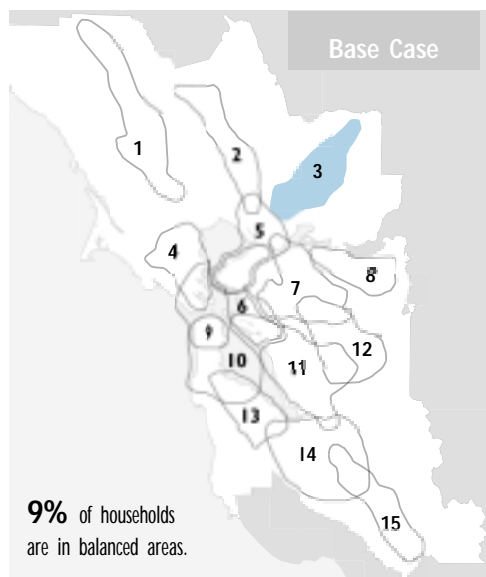
- Central Sonoma County** Healdsburg to Petaluma along Highway 101. Includes Sebastopol along Highway 12 and Highway 116 corridors.
- Napa County** Calistoga to American Canyon along Highway 29 through the Napa Valley. Includes Angwin and Pope Valley, northeast of St. Helena.
- Central Solano County** Dixon through Cordelia along I-80.
- Marin County** Novato through Sausalito along Highway 101. Sir Francis Drake Boulevard through Lagunitas. Includes most of urbanized Marin County.
- Carquinez Strait** American Canyon, Vallejo, Benicia and western Contra Costa County, centered around Carquinez Strait and along San Pablo Bay.
- Western Contra Costa/N. Alameda** Crockett through Oakland and Alameda along I-80, along the east shore of San Francisco Bay.
- Central Contra Costa** Walnut Creek, Concord and Pleasant Hill at core. Danville and Blackhawk through Martinez along I-680. Lafayette, Moraga and Orinda along Highway 24. Also includes Benicia.
- Eastern Contra Costa** Martinez through Brentwood along Highway 4.
- San Francisco** Includes only the city.
- Greater San Francisco** Radiates out from San Francisco to San Rafael (Marin County), San Leandro (Alameda County) and Belmont, Foster City and Pacifica (San Mateo County).
- Central/Southern Alameda** Oakland through Milpitas on I-880 along east shore of San Francisco Bay. Also extends along I-580 & I-680 corridors through Dublin and Pleasanton.
- Tri-Valley** Alamo to Pleasanton on I-680. Also extends to Livermore along I-580.
- San Mateo** San Francisco International Airport and Millbrae through Palo Alto along Highway 101. Includes the hills of Woodside and Portola Valley.
- Silicon Valley** Northern borders of Santa Clara County (including Palo Alto and Milpitas) through San Jose, including Coyote Valley.
- Southern Santa Clara County** Downtown San Jose to Gilroy along Highway 101.

DESIGN, COMMUNITY & ENVIRONMENT and MTC

HOUSEHOLDS IN AREAS WITH JOBS/HOUSING BALANCE by key commute corridors



HOUSEHOLDS IN AREAS WITH NEW JOB PAY MATCHED TO NEW HOUSING COST by key commute corridors



MAPS

These maps illustrate 15 key corridors or commute areas around the Bay Area. The maps at the top compare total units of housing to total jobs in the year 2020 in each of the commute areas. Under the smart growth scenario, an impressive 67 percent of Bay Area households would be in areas with a balance of workers and jobs (assuming 1.5 workers per household). By comparison, under the base case (which perpetuates current growth patterns) only 57 percent of households would be in balanced areas.

The second pair of maps looks at the match between the pay scales of new jobs and the cost of new housing in each area. The differences here are more stark, with the smart growth scenario providing a match of new housing costs and local incomes for 62 percent of new households, while the base case achieves such a match in just 9 percent of households.

Areas where at least 85 percent of households are in balance/match are coded blue.

Jobs and Housing

At its core, smart growth is about providing sufficient housing in the right place (i.e., close to jobs and/or public transit nodes) and at the right price, with a mix of units appropriate to residents' income levels and needs. The quartet of maps to the left tells a story about how the smart growth scenario sketched out by workshop participants would shift the region's housing equation to better align housing supply and demand.

The Balance Between Jobs and Housing

Some people believe that the solution to the Bay Area's chronic and worsening commute traffic is a better balance of jobs and housing. According to this theory, if all our communities had sufficient housing for their workers, then enough people could live within a short drive or walking or biking distance of their jobs to put a dent in congestion.

To assess the relationship between jobs and housing, this analysis looks at 15 overlapping commute areas (see maps on page 24). Each is oriented around one or more existing job centers and extends to include housing within about a half-hour commute or less, by any mode. An analysis area is considered to have an acceptable balance if the number of jobs and employed residents within that area are within 15 percent of each other.

Because jobs/housing issues are complicated, two different types of jobs/housing relationships are assessed. First is the relationship between the total of future jobs and housing units in each analysis area, including existing and future growth. Second is the relationship between new jobs and new housing.

A Look at the Totals

One school of thought says that smart growth efforts must improve the balance of total jobs and housing in each community. Therefore, unless we create communities with overall jobs/housing balances, we will perpetuate current conditions in which many Bay Area residents have to drive long distances to work.

Because of its dispersed development patterns, the current trends base case would result in a balance of total jobs and housing in

nine of the 15 analysis areas — accounting for just 57 percent of Bay Area residents — in 2020. The base case's strong job growth without companion housing growth to support it is responsible for this low number.

By contrast, the smart growth scenario would result in a total balance of jobs and housing for 67 percent of Bay Area households. Almost 20 percent more people would live in a "balanced" area under the smart growth scenario than under the base case because of the greater proximity of new housing to employment centers and increased interest in mixed-use development.

Focusing on New Growth

Another school of thought contends that striving for a total balance of jobs and housing is neither realistic nor advisable. Given that current Bay Area residents already have their jobs and homes, proponents of this line of thinking suggest that it is more important to try to balance job and housing growth only in new development.

Looking at the relationship between new jobs and housing also makes it possible to add another dimension to the analysis: jobs/housing match. An analysis of match considers how the cost of new housing available in each area compares to the pay scales of new jobs in the same area. Such an analysis is not meaningful when assessing total jobs and housing supply, since the Bay Area's current housing prices preclude a match between housing costs and incomes in most markets. But it is possible to see whether the projected incomes from new local jobs would be high enough to allow new workers and their families to afford new nearby housing.

Under current trends, there would be a very poor match between future jobs and housing. Development, under the current trends base case would lead to a match of new housing costs and local incomes in just one analysis area, accounting for only 9 percent of the total household growth projected under the base case.

Under the smart growth scenario, the picture improves dramatically. There would be an acceptable match of new jobs and new housing in seven of the analysis areas, incorporating 62 percent of all new households.

*Just 9 percent of
new housing
in the BASE CASE
would be
affordable
to new nearby
workers. Under the
SMART GROWTH
SCENARIO,
the picture improves
dramatically:
62 percent
of new households
would be
AFFORDABLE to new
nearby workers.*

*The
SMART GROWTH
SCENARIO
envisioning a
46 percent increase
in housing
in the region's most
impoverished
communities —
more than THREE TIMES
that of the
base case.*



KEAREY SMITH

SOCIAL AND ECONOMIC EQUITY

Social equity within the smart growth framework means that people of all income levels have access to good schools and various types of employment. It means that low-income residents in particular benefit from new investment in their communities and have access to affordable housing and reliable transportation. Social equity gives all individuals access to economic opportunities, mitigates displacement caused by rapidly increasing housing costs, and promotes active engagement and participation by all residents in community planning efforts.

Under both the current trends base case and the smart growth scenario, the Bay Area's population and job growth will present challenges and opportunities for lower income communities, and for making housing, services and employment available to residents of impoverished neighborhoods throughout the region. Smart growth strategies have the potential to reduce some of the current inequities in these areas. If not managed well, however, smart growth could trigger changes that disrupt communities and lead to increased displacement, and more economic and social isolation.

To assess these issues, growth envisioned under the smart growth scenario in impoverished communities throughout the Bay Area was compared to growth expected in these neighborhoods if current trends continue. A community is considered impoverished if the median household income is less than 80 percent of the county median income. This analysis looks at a total of 38 such communities, which are spread throughout the nine-county Bay Area. (See map page 27.)

Growth Patterns in Impoverished Communities

The population and job growth rates of Bay Area impoverished communities show major differences between the base case and the smart growth scenario, particularly in household growth.

Under the base case, the number of households in the region's most impoverished communities would grow by only 15 percent

through 2020, and employment by 24 percent. In contrast, the smart growth scenario envisions a 46 percent increase in housing — more than three times that of the base case — and a 32 percent increase in jobs by 2020.

If managed well, the sizable increases in household and job growth foreseen for impoverished areas would provide a significant opportunity to create healthy, diverse, mixed-income communities and give low-income residents access to quality affordable housing.

Job Skill Level

Unless residents have needed job skills, however, providing more jobs in the region's impoverished communities will not help improve standards of living, even if wages are high enough to cover local housing costs. Over recent decades, there has been a decline in traditional high-paying manufacturing employment and a stronger focus on the information-based “new economy.” In the next 20 years, most jobs commanding incomes sufficient to raise a family above the poverty level will continue to require high levels of education and job skills, regardless of the pattern in which growth occurs.

Local workers in impoverished communities may not qualify for new jobs in their areas without aggressive job training and economic development programs. Thus training and education must be part of any smart growth scenario.

Commercial Services

The region's impoverished communities have far fewer retail establishments than their demographics would suggest they can support. The lack of retail stores means that more money than necessary leaves these neighborhoods; residents need to travel long distances to meet their basic shopping needs; and few local retail jobs and businesses are created as a result of residents' spending. Even in impoverished communities that are well-served by public transit, it is often difficult to carry groceries, take children to childcare and run other errands on the bus or train.



Under the base case, existing conditions in impoverished neighborhoods would change much less, creating little impetus for new retail development.

Overcrowding

The tight, expensive Bay Area housing market has forced two or more families to share housing units designed for a single family, particularly in the region's low-income neighborhoods.

Significant new housing construction in low-income communities, as foreseen in the smart growth scenario, can help to address this issue, provided that new units are offered at prices affordable to people living in overcrowded units in these neighborhoods.

The base case has less capability to address overcrowding since it includes far less new housing development in the region's most impoverished areas.

Access

The physical access of residents to employment and the larger region is another key issue in planning for equity. Even though impoverished communities are often traversed by major mass transit routes, many are currently lacking adequate transit service, especially during reverse commutes and off-peak hours. Poor transit accessibility can prevent lower income residents from reaching jobs for which they are qualified.

Increases in residential densities in impoverished communities would bring a potential increase in the number of transit riders and thus encourage bus and rail operators to add service in these areas. A concerted effort would be required to ensure more transportation options, since without them, impoverished communities will remain isolated, with potentially even more underserved residents.

*The base case
offers significantly
less opportunity
for economic
revitalization
than the
SMART GROWTH
SCENARIO,
AND could
result in FURTHER
STAGNATION of
these communities.*

The smart growth scenario would strengthen the ability of low-income communities to support services by increasing residential densities, boosting the number of nearby workers, and expanding the proportion of relatively higher income residents in these areas. All three factors — density, employees and income-mix — would contribute to a stronger market for many goods and services, which in turn would attract retailers.



*The substantial growth in the region's
IMPOVERISHED COMMUNITIES
proposed in the
smart growth scenario
can lead to important
new opportunities
in housing,
retail services
and transit.*

Displacement and Neighborhood Change

As noted above, the substantial growth in the region's impoverished communities proposed in the smart growth scenario can lead to important new opportunities in housing, retail services and transit. But if this growth is not well managed, it could lead to displacement and instability. Lower income renters and businesses in neighborhoods that currently have relatively affordable building stock and access to downtown districts are the most likely to experience displacement as higher income renters and businesses move in. Programs to minimize displacement must be included in any smart growth scenario.

Much less growth would occur in low-income communities in the base case than in the smart growth scenario. Therefore, residents and businesses would feel less displacement pressure. At the same time, the base case offers significantly less opportunity for economic revitalization, and could result in further stagnation of these communities.

Capitalizing on Change

In order to capitalize on opportunities to revitalize lower income communities, while also discouraging displacement, the smart growth scenario relies on parallel strategies for reinvestment and affordability. Here are some of the policies that residents of these communities believe could help bring about needed improvements:

- Train and educate local residents to help them qualify for new, local jobs.
- Develop new jobs in low-income communities that are targeted to the current skill levels of local residents.
- Increase transit-oriented development and alternatives to single-occupant auto travel to improve access to new and existing jobs and services throughout the region.

- Provide new business opportunities in low-income neighborhoods targeted to local firms and residents.
- Build affordable housing throughout the region to avoid concentration in impoverished communities.
- Address current overcrowded conditions by giving existing residents priority for new units in a given neighborhood.
- Maintain affordability of existing housing through methods such as new financing for long-term subsidies set to expire soon.

DEVELOPMENT FEASIBILITY

Smart growth will not occur easily. Land supply, market forces and local regulations all have the potential to stand in the way of new kinds of development and growth patterns.

This section estimates how “doable” the smart growth scenario might be, and the previous chapter (beginning on page 13) lists incentives, regulatory changes and other public policy changes identified by workshop participants that might help to make any smart growth dream a reality.

Marketability

Today, about 62 percent of Bay Area housing consists of single-family homes. Single-family homes made up a slightly higher proportion — two-thirds — of housing built in the region in the 1990s, though this trend varied considerably by county. More than 87 percent of new Solano County housing units fit this description, while only half in Santa Clara County and just 10 percent of new housing in San Francisco were single-family homes. If current trends continue, two-thirds of the new housing units expected to be constructed in the region through 2020 also will be single-family, distributed by county in similar proportions to those in recent history.

The smart growth scenario drawn up by workshop participants reverses this trend, with 66 percent of new housing to be built as townhouses, condominiums and apartments and 34 percent as single-family homes. Adding units in these proportions would slightly alter the total regional housing stock mix by 2020, from 62 percent to 57 percent single family.

Under the smart growth scenario the changes in new housing types in eight of the region’s nine counties would be substantial, as local communities strive to provide sufficient housing for a growing population on a limited supply of available land.

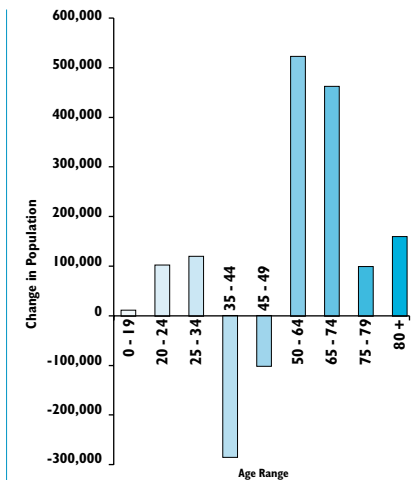
The higher level of multi-family units in the smart growth scenario compared to the base case raises some important

questions. Would people in the Bay Area flock to multi-family and attached housing? Or will hordes of Bay Area commuters continue to migrate to the Central Valley in pursuit of the American dream of owning a single-family home with a big back yard?

In a 2000 survey, the Home Builders Association (HBA) of Northern California found that 43 percent of shoppers looking for a home in single-family subdivisions were “mainly considering a single-family home.”¹ Yet in the same survey, 42 percent of potential home buyers said they would be willing to buy a higher density, attached housing unit if it meant living near their work, and it cost no more than a conventional single-family home in an outlying area. This same interest in more compact housing types in exchange for a shorter commute has been found in studies conducted for downtown Oakland and downtown San Francisco, particularly among young, single workers and “empty nesters.”²

On a national level, too, acceptance of smart growth design principles, such as smaller lots and more compact development, is growing. One study of 2,000 buyers of both newly constructed and resale homes noted, “Often what buyers want is NOT what they get. One of the main reasons behind this is that they couldn’t find what they wanted in their markets.”³ This study found that homebuyers wanted less sprawl and more “small town,” pedestrian-oriented shopping and gathering places.

Changes in the Bay Area’s demographics also may support the construction of more multi-family units. Household types, such as young singles, childless couples, “empty nesters” and the elderly, tend to be attracted to urban infill housing. These groups are expanding in the Bay Area, which is expected to undergo a dramatic change in its age composition in the next 20 years. As shown on the chart to the right, the 20- to 24-year-old and 55-and-over population groups together are expected to increase by over 1.2 million people in the next 20 years. Both have relatively high proportions of people who are interested in small units, senior and assisted housing, compact housing near workplaces and urban amenities, and other types of infill housing.



BAY AREA POPULATION CHANGE
BY AGE GROUP (2000-2020)

*Changes in
the Bay Area’s
DEMOGRAPHICS
will support the
construction
of more
MULTI-FAMILY
units.*



***If current patterns
continue, TWO-THIRDS
of new housing built
by 2020 would be
SINGLE-FAMILY . . .
. . . The smart growth
scenario proposes
to reverse that trend,
with townhouses, condos
and apartments making up
two-thirds of new units.***



These trends, taken together, suggest that there could be increasing market demand for the types of housing foreseen in the smart growth scenario developed by workshop participants. As stated in a national study of future housing demand, “Since the driving force for the future is age-based growth of households that have largely completed child-rearing, the residential future of cities may well depend on how they appeal to people in life’s later stages.”⁴

Available Land Supply

During the Smart Growth Strategy/Regional Livability Footprint workshops, participants were encouraged to envision future Bay Area development patterns over a 20-year period without explicit regard for whether new development would fit on current vacant lands. Instead, participants placed development on lands they considered appropriate for either development or redevelopment over the next 20 years. But, since the smart growth scenario envisions a variety of building types in each place, many existing structures would be consistent with the vision of workshop participants.

An analysis of the smart growth scenario compared the proposed development patterns and densities desired by workshop participants in each planning area to the amount of vacant land, according to county assessor parcel data published by MetroScan. The goal of this “fit” analysis was to determine the number of acres that would need to be redeveloped to accommodate the smart growth scenario. The analysis assumed that new growth in each planning area would first occur on vacant land, and that other land in each planning area would be redeveloped to accommodate any remaining growth.

The “fit” analysis found that the smart growth scenario, depending on the density of development, would require the redevelopment of approximately 48,000 acres. By contrast the base case would require almost no redevelopment, since it presumes that most new growth will take place on currently undeveloped sites.

Redevelopment sites generally contain underutilized and older buildings. They typically occur along older transportation corridors, in obsolete industrial areas or on large surplus sites such as the Alameda Naval Air Station and San Francisco’s Mission Bay.

Over the 20-year planning horizon, the redevelopment foreseen in the smart growth scenario would require about 2,400 acres per year. While this level of redevelopment is ambitious, it also may be quite feasible, given that redevelopment projects are common throughout the region and that it amounts to just 0.3 percent of currently urbanized land (or 5 percent over 20 years). However, it might exceed the capacity of the marketplace, and will likely face resistance in some areas from “NIMBYs” — proponents of Not In My Back Yard — who oppose change in their communities. Beginning on page 13, the Incentives chapter of this report discusses policies and regulatory changes that might help to address these issues.

Financial Feasibility

It will take more for smart growth to succeed than interested buyers and enough building sites. In order for developers to build compact, infill and transit-oriented development, it needs to be financially feasible. Both for-profit and nonprofit developers must make their projects “pencil out” if they are to build them. Government subsidies can help in some cases to make ends meet, but in the long run, infill development costs (including a reasonable profit) cannot exceed the rent or purchase price that future residents will be willing and able to pay.

The financial feasibility of new development in the region will vary substantially depending on a host of factors, including location, timing, national economic trends, local market conditions, land prices, construction costs, local regulations, and the financial requirements of developers and investors. Due to the complexity and variability of each of these factors, this analysis does not look at the financial returns of future development projects. However, all of the types of development in the smart

growth scenario are based on multiple real-world examples from the Bay Area, many of which were recently constructed, suggesting that, at least under some conditions, the development foreseen in the smart growth scenario can be financially feasible.

Since the base case anticipates that most new growth will occur on currently undeveloped sites, it would result in more large-scale development projects and create lesser financial challenges for a developer than the smart growth scenario, which primarily calls for development to occur in already-developed areas. If there is no change in the current mix of rewards and incentives for development, smart growth development will be more difficult to achieve than the base case, due to its reliance on more expensive, already-developed sites.



The challenge
is to make COMPACT,
infill and
TRANSIT-ORIENTED
development
FINANCIALLY
FEASIBLE
for builders.

¹ HBA News, June 2000.

² Old Town Square Market Feasibility Study (BAE 1997), and Demand for Downtown Housing in South San Francisco (BAE 2000).

³ Community Preferences: What the Buyers Really Want in Design, Features, and Amenities (American LIVES, Inc., 1999).

⁴ The Implications of Changing U.S. Demographics for Housing Choice and Location in Cities (Martha Farnsworth Riche for the Brookings Institution, 2001).